
Benevolent Healthcare Foundation
dba Project C.U.R.E.

Consolidated Financial Report
May 31, 2024

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Independent Auditor's Report

To the Board of Directors
Benevolent Healthcare Foundation
dba Project C.U.R.E.

Opinion

We have audited the consolidated financial statements of Benevolent Healthcare Foundation dba Project C.U.R.E. (the "Organization"), which comprise the consolidated statement of financial position as of May 31, 2024 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of May 31, 2024 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Board of Directors
Benevolent Healthcare Foundation
dba Project C.U.R.E.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Plante & Moran, PLLC

November 13, 2024

Benevolent Healthcare Foundation dba Project C.U.R.E.

Consolidated Statement of Financial Position

May 31, 2024
(with comparative totals for 2023)

	2024	2023
Assets		
Cash and cash equivalents	\$ 2,054,864	\$ 1,638,056
Investments - Certificates of deposit	14,474,072	11,002,757
Accounts receivable	521,629	369,528
Inventory	94,005,710	93,033,227
Leased assets - Operating lease right-of-use assets - Net	2,229,214	2,337,182
Prepaid expenses and deposits	154,287	167,905
Property and equipment - Net	18,170,038	6,258,066
	<u>\$ 131,609,814</u>	<u>\$ 114,806,721</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 437,933	\$ 665,573
Accrued expenses	123,061	280,553
Lease liabilities - Operating	2,283,510	2,378,012
Long-term debt - Net of unamortized debt issuance costs	3,342,006	3,781,411
	<u>6,186,510</u>	<u>7,105,549</u>
Net Assets		
Without donor restrictions	118,961,526	101,482,645
With donor restrictions	6,461,778	6,218,527
	<u>125,423,304</u>	<u>107,701,172</u>
	<u>\$ 131,609,814</u>	<u>\$ 114,806,721</u>

Benevolent Healthcare Foundation dba Project C.U.R.E.

Consolidated Statement of Activities and Changes in Net Assets

Year Ended May 31, 2024
(with comparative totals for 2023)

	2024	2023
Changes in Net Assets without Donor Restrictions		
Revenue, gains, and other support:		
Recycling income	\$ 174,043	\$ -
Contributions of nonfinancial assets (Note 9)	78,645,058	54,980,862
Contributions of cash and other financial assets	8,218,130	8,059,268
Federal government revenue	178,939	415,354
Special events revenue - Net of expenses of \$238,976 (2024) and \$292,019 (2023)	372,674	516,438
Rental income - Net of expenses of \$152,901 (2024) and \$172,484 (2023)	156,614	265,572
Investment return - Net	717,821	132,637
Gain on sale of fixed assets	1,132,719	-
Net assets released from restrictions	1,100,849	2,563,888
Total revenue, gains, and other support	90,696,847	66,934,019
Expenses:		
Program services:		
Containers and medical services - Nonfinancial	63,172,575	73,298,325
Containers and medical services - Other	7,247,707	7,455,046
Total program services	70,420,282	80,753,371
Support services:		
Management and general	531,159	507,975
Fundraising	2,266,525	2,121,162
Total support services	2,797,684	2,629,137
Total expenses	73,217,966	83,382,508
Change in Net Assets without Donor Restrictions	17,478,881	(16,448,489)
Changes in Net Assets with Donor Restrictions		
Contributions of cash and other financial assets	1,344,100	1,433,541
Net assets released from restrictions	(1,100,849)	(2,563,888)
Change in Net Assets with Donor Restrictions	243,251	(1,130,347)
Change in Net Assets	17,722,132	(17,578,836)
Net Assets - Beginning of year	107,701,172	125,280,008
Net Assets - End of year	\$ 125,423,304	\$ 107,701,172

Benevolent Healthcare Foundation dba Project C.U.R.E.

Consolidated Statement of Functional Expenses

Year Ended May 31, 2024
(with comparative totals for 2023)

	Program Services			Support Services		Total	
	Containers and Medical Services	Management and General	Fundraising	2024	2023		
Donated medical equipment and supplies	\$ 62,798,450	\$ -	\$ -	\$ 62,798,450	\$ 72,826,392		
Compensation and other costs	1,890,855	159,236	1,535,615	3,585,706	3,380,348		
Shipping	1,789,601	-	-	1,789,601	1,896,402		
Occupancy - Rent, utilities, and other costs	1,556,817	16,585	-	1,573,402	1,471,157		
Other donated costs of operations	374,125	-	-	374,125	471,933		
Purchased medical equipment and supplies	363,138	-	-	363,138	1,142,475		
Donor development	-	-	319,911	319,911	331,304		
Depreciation and amortization	383,649	6,649	11,535	401,833	297,564		
Accounting and audit	-	218,539	-	218,539	203,664		
Occupancy – Interest and other financing costs	105,336	16,008	-	121,344	135,741		
Dues and professional expenses	94,522	25,628	108,689	228,839	180,172		
Vehicles	108,292	1,580	4,248	114,120	129,523		
Travel	119,671	5,520	79,299	204,491	167,906		
Consultants	46,753	28,305	120,072	195,130	74,201		
Office, computers and software, and postage and delivery	84,309	10,479	50,899	145,687	176,136		
Needs assessments	192,631	-	-	192,631	125,517		
Insurance	63,185	19,568	-	82,753	69,164		
Service programs	139,588	-	-	139,588	92,298		
Communications	37,361	5,771	5,771	48,902	43,350		
Operating supplies	165,556	2,485	2,486	170,527	80,998		
Volunteer support	51,903	1,451	-	53,354	39,242		
Miscellaneous	-	8,505	-	8,505	8,732		
Website	54,540	4,850	28,000	87,390	38,289		
	<u>70,420,282</u>	<u>531,159</u>	<u>2,266,525</u>	<u>73,217,966</u>	<u>83,382,508</u>		
Rental expenses	-	152,901	-	152,901	172,484		
Special event expenses	-	-	238,976	238,976	292,019		
Total expenses netted against revenue	-	<u>152,901</u>	<u>238,976</u>	<u>391,877</u>	<u>464,503</u>		
Total functional expenses	<u>\$ 70,420,282</u>	<u>\$ 684,060</u>	<u>\$ 2,505,501</u>	<u>\$ 73,609,843</u>	<u>\$ 83,847,011</u>		

Benevolent Healthcare Foundation dba Project C.U.R.E.

Consolidated Statement of Cash Flows

Year Ended May 31, 2024
(with comparative totals for 2023)

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 17,722,132	\$ (17,578,836)
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	421,248	336,394
Noncash change in inventory	(972,483)	18,317,463
Noncash donation of property and equipment	(14,500,000)	-
Amortization of deferred debt issuance costs	490	490
Noncash operating lease expense	13,466	55,737
Gain on sale of assets	(1,132,719)	-
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(152,101)	(282,097)
Prepaid expenses and deposits	13,618	(9,378)
Accounts payable	(227,640)	(179,539)
Accrued expenses	(157,492)	120,096
Net cash and cash equivalents provided by operating activities	1,028,519	780,330
Cash Flows from Investing Activities		
Proceeds from sale of property and equipment	3,500,000	-
Purchases of property and equipment	(200,501)	(241,945)
Purchases of certificates of deposits	(6,766,364)	(27,957,903)
Proceeds from redemption of certificates of deposit	3,295,049	17,380,596
Net cash and cash equivalents used in investing activities	(171,816)	(10,819,252)
Cash Flows Used in Financing Activities - Payments on note payable	(439,895)	(425,537)
Net Increase (Decrease) in Cash and Cash Equivalents	416,808	(10,464,459)
Cash and Cash Equivalents - Beginning of year	1,638,056	12,102,515
Cash and Cash Equivalents - End of year	\$ 2,054,864	\$ 1,638,056
Supplemental Cash Flow Information - Cash paid for interest	\$ 122,123	\$ 135,989
Significant Noncash Transactions		
Donation of warehouse facility and land	\$ 14,500,000	\$ -
Addition of operating lease right-of-use asset	751,236	506,806

Notes to Consolidated Financial Statements

May 31, 2024 and 2023

Note 1 - Nature of Organization

Benevolent Healthcare Foundation dba Project C.U.R.E. (Project C.U.R.E.), located in Centennial, Colorado, was formed and organized as a nonprofit organization in Colorado during 2000. Project C.U.R.E. was formed in 1987 and operated under the Benevolent Brotherhood Foundation until June 2001. At that time, the assets of Project C.U.R.E. were transferred into the Benevolent Healthcare Foundation. Project C.U.R.E. is the sole member of two Colorado limited liability companies, Benevolent Healthcare Foundation of Denver, LLC (BHFD) and Benevolent Healthcare Foundation of Nashville, LLC (BHFN).

Project C.U.R.E. currently provides medical equipment and supplies to over 120 countries throughout the world. At May 31, 2024, Project C.U.R.E. operated distribution centers in seven locations: Arizona, Colorado, Illinois, Missouri, Pennsylvania, Tennessee, and Texas. Additionally, Project C.U.R.E. utilized donated or paid collection center space in Colorado, Florida, Kansas, Michigan, and Pennsylvania.

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Project C.U.R.E. and its wholly owned subsidiaries, BHFD and BHFN (collectively, the "Organization"). All material interorganizational accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Summarized Comparative Information

The financial information presented for comparative purposes for the year ended May 31, 2023 is not intended to be a complete financial statement presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended May 31, 2023, from which the summarized information was derived.

Cash

The Organization considers all investments with an original maturity of three months or less when purchased to be cash equivalents unless they are held for reinvestment as part of the investment portfolio or otherwise encumbered.

The balance of cash includes \$250,000 of cash assigned as a reserve under the Organization's note payable agreement described in Note 7.

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash accounts that may, during the year, exceed the federally insured limit set by the FDIC. At May 31, 2024 and at various points throughout the year, the Organization had deposits in excess of federally insured limits.

Investments

The Organization reports investments in certificates of deposit at cost. Accrued interest income is included in accounts receivable when significant. Interest income is included in investment income on the consolidated statement of activities and changes in net assets.

Notes to Consolidated Financial Statements

May 31, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable primarily consist of donations receivable and amounts due under various government grants and contracts and are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. Management considers all accounts receivable collectible, and, therefore, an allowance for doubtful accounts has not been recorded at May 31, 2024 and 2023.

Inventory

Inventory substantially consists of donated medical supplies that will no longer be used, nor sold, for medical purposes in the United States of America and retired medical equipment. The inventory has been valued at wholesale prices obtained from various internet retailer sources that specialize in reselling used medical supplies and equipment. All of the inventory on hand is held exclusively for shipment to developing countries at no charge to them.

Leases

Lease liabilities are measured based on the net present value of future lease payments using the discount rate described in Note 5. The Organization recognizes expense for operating leases on a straight-line basis over the lease term.

The Organization elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for the associated leases.

Property and Equipment

The Organization capitalizes all property and equipment with a cost or contributed fair value of \$2,500 or greater. The straight-line method is used for computing depreciation expense. Assets are depreciated over their estimated useful lives ranging from 3 to 10 years for equipment, furnishings, and vehicles and 40 years for buildings. The cost of leasehold improvements is depreciated (amortized) over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Debt Issuance Costs

Debt issuance costs were incurred by the Organization in connection with obtaining certain notes payable. Fees incurred for debt financing are amortized over the term of the related debt instrument. Debt issuance costs are included in notes payable on the consolidated statement of financial position. Amortization of deferred loan costs is included in interest expense in the accompanying consolidated statement of functional expenses. Accumulated amortization as of May 31, 2024 and 2023 totaled \$1,633 and \$1,143, respectively. Amortization expense for the years ended May 31, 2024 and 2023 was \$490.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. The Organization's donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

Notes to Consolidated Financial Statements

May 31, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Contributions of Nonfinancial Assets: Donated Materials, Properties, and Services

Donated Materials: Donated materials, which consist of medical equipment and supplies for use in the Organization's operations, are recorded as contribution revenue and as inventory on the date received. Donated materials include C.U.R.E. Kits, which are composed of personal hygiene and basic "medicine cabinet" items that are solicited by the Organization. In the period the donated materials are distributed for use in the Organization's programs, the value of materials is relieved from inventory and recorded as a program service expense.

Donated materials are recognized in circumstances in which the Organization has sufficient discretion over the use and disposition of the items to recognize a contribution in conformity with GAAP. Accordingly, the recognition of revenue related to donated materials is limited to circumstances in which the Organization takes constructive possession of the donated materials and the Organization is the recipient of the gift rather than an agent or intermediary (as defined by GAAP).

Medical equipment and supplies are primarily received for use in developing countries or areas where disasters have occurred. Management has concluded that these geographical areas do not represent its principal market and, therefore, considers the United States region its principal market for determining the fair value of these donated materials. The principal market is the market in which the Organization would sell the asset with the greatest volume and level of activity for the asset. The fair value of donated medical equipment and supplies are recorded at estimated fair market value based upon appropriate price guides or other online pricing sources, as applicable. The Organization does not accept donations of pharmaceuticals or other drugs.

Donated Leased Space: Donated leased space consists of warehouse, distribution, and office space provided to the Organization without charge. The fair value of donated leased space is estimated using comparable market rates times the square footage of space being provided to the Organization without charge. Donated leased space is recorded as contribution revenue and program service expense in the period the space is used.

Donated Building: During the year ended June 30, 2024, the Organization received a donation of a building with warehouse, distribution, and office space. The fair value of the donated building was estimated using both a sales comparison and an income capitalization valuation approach. The donation of the building was recorded as contribution revenue and capitalized as property and equipment in the year it was donated.

Donated Services: Donated services are recognized as revenue at estimated fair value on the date of performance of the service if the service (a) creates or enhances nonfinancial assets or (b) requires specialized skills, is performed by people with those skills, and would otherwise be purchased by the Organization. When donated services meet these criteria, they are reported as contribution revenue without donor restrictions and program service expense in the period the service is performed. Such services are valued using estimated hourly rates of compensation for similar services or by obtaining an estimate of the cost that would be charged by the service provider to another customer for similar services.

The Organization receives significant support from individuals who volunteer their time and perform a variety of tasks that assist the Organization with program services. Consistent with GAAP, these volunteer services are generally not performed by individuals who possess specialized skills related to their efforts and, therefore, are not recognized as contribution revenue and expenses.

Notes to Consolidated Financial Statements

May 31, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

Donated Property: The Organization reports gifts of property and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports the expiration of donor restrictions when the assets are placed in service.

Contributions and Contributions Receivable

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year in which the contributions are received are reported as contributions without donor restrictions in the accompanying financial statements.

Contributions of marketable securities are recorded at fair value as of the date of the gift. It is the Organization's practice to determine appropriate disposition of such gifts of securities at the time of receipt.

The Organization reports gifts of property and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports the expiration of donor restrictions when the assets are placed in service.

Federal Government Revenue

The majority of federal government grant revenue received by the Organization is considered to be a nonexchange transaction and is recognized as the conditions of the grants are met. Amounts that have been awarded but not yet recognized as revenue are treated as conditional contributions and are not reflected in the accompanying consolidated financial statements. Grant funding payments received in advance of conditions being met are recorded as deferred revenue. There was no grant funding collected in advance of services being performed as of May 31, 2024 and 2023.

The Organization occasionally enters into subcontracts under federal award agreements to provide services for the prime contractor or grantor with the federal government. These services are considered to be exchange transactions recognized at the point in time the services are provided and the performance obligations are satisfied. There was no significant revenue recognized under these contracts during the years ended May 31, 2024 and 2023.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time.

Notes to Consolidated Financial Statements

May 31, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses incurred directly for a program service are charged to such service. Allocations of salaries, payroll taxes, and other related costs are allocated to services on a pro rata basis of employees' time devoted to each service. Fringe benefits are allocated to all services on a pro rata basis of total direct salary expenses incurred. Certain overhead costs are also allocated to services on a pro rata basis of total square footage occupied by each service. All other expenses are directly identified as relating to program or support services. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including November 13, 2024, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The Organization has \$16,800,565 and \$12,760,341 of financial assets available within one year of May 31, 2024 and 2023 to meet cash needs for general expenditure consisting of cash of \$1,804,864 and \$1,388,056, certificates of deposit of \$14,474,072 and \$11,002,757, and accounts receivable of \$521,629 and \$369,528, respectively. Financial assets held as of May 31, 2024 and 2023 has been reduced by \$250,000 of cash assigned as a reserve under the Organization's note payable agreement described in Note 7. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's board of directors (the "Board") meets regularly to adjust policies regarding liquidity as needed.

The Organization also realizes there could be unanticipated liquidity needs.

Note 4 - Inventory

Inventory at May 31, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Medical supplies and equipment	\$ 94,005,710	\$ 87,372,035
COVID-19 emergency relief beds and mattresses	-	5,661,192
Total	<u>\$ 94,005,710</u>	<u>\$ 93,033,227</u>

Note 5 - Leases

The Organization leases warehouse, distribution, and office space under verbal agreements that the monthly rent will be an in-kind donation to the Organization. In-kind lease expense for the years ended May 31, 2024 and 2023 was \$374,125 and \$471,933, respectively.

Benevolent Healthcare Foundation dba Project C.U.R.E.

Notes to Consolidated Financial Statements

May 31, 2024 and 2023

Note 5 - Leases (Continued)

The Organization is obligated under noncancelable operating leases for certain warehouse and distribution space, expiring at various dates through October 2027. There are no optional lease extensions available to the Organization under the terms of the leases.

Future minimum rent on noncancelable leases as of May 31, 2024 for each of the next four years is as follows:

Years Ending May 31	Amount
2025	\$ 925,380
2026	797,553
2027	551,871
2028	<u>128,965</u>
Total	2,403,769
Less amount representing interest	<u>120,259</u>
Present value of net minimum lease payments	<u>\$ 2,283,510</u>

Expenses recognized under these leases for the years ended June 30 consist of the following:

	2024	2023
Operating lease cost	\$ 859,204	\$ 872,696
Other information:		
Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows from operating leases	\$ 845,739	\$ 816,958
Right-of-use assets obtained in exchange for new operating lease liabilities	751,236	506,806
Weighted-average remaining lease term (years) - Operating leases	2.84	3.4
Weighted-average discount rate - Operating leases	3.6 %	2.8 %

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2024	2023
Buildings and improvements	\$ 15,944,223	\$ 7,244,322
Land	3,445,000	1,178,000
Vehicles	639,192	639,192
Equipment, software, and furnishings	711,056	556,086
Leasehold improvements	<u>404,041</u>	<u>404,041</u>
Total cost	21,143,512	10,021,641
Accumulated depreciation	<u>2,973,474</u>	<u>3,763,575</u>
Property and equipment - Net	<u>\$ 18,170,038</u>	<u>\$ 6,258,066</u>

Benevolent Healthcare Foundation dba Project C.U.R.E.

Notes to Consolidated Financial Statements

May 31, 2024 and 2023

Note 6 - Property and Equipment (Continued)

Depreciation and amortization expense for the years ended May 31, 2024 and 2023 was \$421,248 and \$336,394, respectively. Depreciation and amortization expense for the years ended May 31, 2024 and 2023 of \$19,415 and \$38,830, respectively, has been netted with rental income on the consolidated statement of activities and changes in net assets and within rental expenses on the consolidated statement of functional expenses.

Note 7 - Note Payable

The Organization's notes payable consist of the following:

	<u>2024</u>	<u>2023</u>
Note payable to a bank in monthly installments of \$4,759,486; including 3.35 percent interest per annum; monthly payments including principal and interest of \$46,835 through January 2031, with certain prepayment penalties, as described in the promissory note agreement; collateralized by certain cash accounts and real property of the Organization	\$ 3,345,273	\$ 3,785,168
Unamortized debt issuance costs	<u>(3,267)</u>	<u>(3,757)</u>
Note payable - Net of unamortized debt issuance costs	<u>\$ 3,342,006</u>	<u>\$ 3,781,411</u>

The balance of the above note payable matures as follows:

<u>Years Ending</u>	<u>Amount</u>
2025	\$ 455,625
2026	471,124
2027	487,152
2028	503,724
2029	520,860
Thereafter	<u>906,788</u>
Total	<u>\$ 3,345,273</u>

Interest expense related to the above notes payable was \$121,344 and \$135,741 for the years ended May 31, 2024 and 2023, respectively.

As part of the note payable agreement, the Organization is subject to certain financial and nonfinancial covenants.

Note 8 - Net Assets

Net assets with donor restrictions as of May 31 are subject to expenditure for the following purposes:

	<u>2024</u>	<u>2023</u>
Donor contributions for shipments of shipping containers to specific locations	\$ 1,256,154	\$ 1,662,185
Donor contributions restricted for Ukraine support	5,175,124	4,525,842
Miscellaneous program restrictions	<u>30,500</u>	<u>30,500</u>
Total	<u>\$ 6,461,778</u>	<u>\$ 6,218,527</u>

Notes to Consolidated Financial Statements

May 31, 2024 and 2023

Note 9 - Contributions of Nonfinancial Assets

Noncash contributions consist of the following donated goods, services, and facilities:

	<u>2024</u>	<u>2023</u>
Donated materials - Medical equipment and supplies	\$ 63,447,283	\$ 54,022,929
Donated materials - C.U.R.E. kits	323,650	486,000
Donated leased space (Note 5)	374,125	471,933
Donated warehouse facility and land	14,500,000	-
Total	<u>\$ 78,645,058</u>	<u>\$ 54,980,862</u>

During the year ended May 31, 2024, shipments of goods fell short of noncash goods contributed by \$972,483, resulting in an increased inventory supply. During the year ended May 31, 2023, shipments exceeded goods contributed by \$18,317,463, resulting in a decreased inventory supply.

Note 10 - Retirement Plan

The Organization has a tax-sheltered annuity plan under Internal Revenue Code Section 403(b) available to its employees. There were no employer contributions for the years ended May 31, 2024 and 2023.